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CITY OF SAN DIEGO SAN DIEGO LGBT COMMUNITY CENTER PROJECT HUD 108 LOAN GUARANTEE APPLICATION

I. PROJECT DESCRIPTION

The San Diego LGBT (Lesbian, Gay, Bisexual, Transgender) Community Center, Inc. (doing business as The Center) was incorporated in 1973 to enhance and sustain the health and well-being of San Diego's lesbian, gay, bisexual, transgender and HIV communities. The Center offers 22 programs and provides services to over 12,000 persons each year. Specific services include mental health programs, domestic violence programs, support services for persons living with HIV/AIDS, arts and culture, youth programs, and a variety of social and educational programs.

In 1998, the Center purchased a three-level, 18,000 square foot facility, formerly a union hall, located at 3909 Centre Street in the Uptown Community Planning Area. The building required substantial renovations, including re-configuration of walls, upgrades to plumbing and electrical systems, and ADA compliance upgrades, to make it usable as a community center and for the provision of social services. Most of the renovations have been completed with CDBG funds (approximately \$1.1 million) and with privately raised funds. However, additional funds are needed to complete the initial phase of improvements consisting of renovations to make the basement usable for the provision of youth services. This phase of improvements will include ADA compliance related improvements including a hydraulic lift to provide access to handicapped clients and an accessible restroom. Office build outs for program staff are also included. The requested loan funds would be used for this phase of renovations and improvements.

II. SOURCES AND USES OF FUNDS

The City is requesting a loan of \$159,000 for the renovations described above. Total project costs are estimated to be \$176,590.

SOURCES

HUD 108 loan	\$ 159,000
Private Donations	\$ 17,590
TOTAL:	\$ 176,590

USES

Loan Issuance Costs	\$ 1,590
Design	\$ 15,000
Renovations	\$ 160,000
TOTAL:	\$ 176,590

III. PROJECT STRUCTURE AND PARTICIPANTS

The City of San Diego will borrow the 108 funds on behalf of The Center. The City will oversee the expenditure of the HUD 108 loan funds through its Engineering and Capital Projects Department. The property is owned by The Center and will remain in its ownership.

IV. PROPOSED REPAYMENT SCHEDULE AND SOURCE(S)

The City is requesting a HUD 108 loan of \$159,000. Repayment will be made solely from the City's future CDBG annual entitlements. A 10 year repayment schedule with approximately equal annual payments (principal and interest) is requested. It is estimated that this will require a payment of about \$20,000 per year.

V. SECURITY/COLLATERAL

The City is prepared to pledge future CDBG entitlement funds as security for this loan. The Center is willing to offer the subject property as collateral for additional security. The Bank of America holds a first trust deed on the property for a loan with a balance of \$1.2 million. The Center is planning to borrow about \$800,000 more for construction of an annex to the Center by either restructuring the first trust deed or obtaining another loan. Therefore it is possible that the City will request that HUD take a second position lien, subordinate to approximately \$2 million, or a third position lien, subordinate to that same amount. An appraisal of the property in 2002 reported a value of \$1.7 million, prior to the completion of improvements (over \$1 million) that have already been made. An updated appraisal that takes into account San Diego's rapidly escalating property values and the improvements already made should reflect a value more than adequate to protect HUD's interests.

VI. PROJECT IMPLEMENTATION

PROPOSED SCHEDULE

<u>ACTIVITY</u>	<u>COMPLETION DATE</u>
HUD approval of loan	July 2004
Completion of design	August 2004
Drawdown of HUD funds	August 2004
Completion of renovations	June 2005

VII. ELIGIBILITY OF PROJECT

Eligible Activity: The proposed project constitutes an eligible activity pursuant to Subpart M, Section 570.703 (l) of the HUD regulations related to the Section 108 loan guarantee program. This section and paragraph specify that the reconstruction and rehabilitation of public facilities (in this case a building for the provision of social services) are eligible activities.

VIII. NATIONAL OBJECTIVES

The proposed project meets the national objective of providing benefit to low and moderate

income persons pursuant to Section 570.208 (a) (2) (i) - activities benefiting low and moderate-income persons – limited clientele. The Center specifically serves clients who are living with HIV or AIDS, a category of persons defined by HUD as presumed to be principally low and moderate income. They also serve victims of domestic abuse and disabled persons, two other categories of presumed low/moderate income persons. In addition, project records indicate that over 60% of clients served are of low and moderate income.

IX. PUBLIC BENEFIT STANDARDS

The proposed project serves a community development objective of providing renovations to a building that will improve the delivery of social services to a special needs population.

X. CONTACT INFORMATION

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ATTACHMENTS: (to be included with final application)

1. City Council Resolution
2. Certifications
3. SF 424